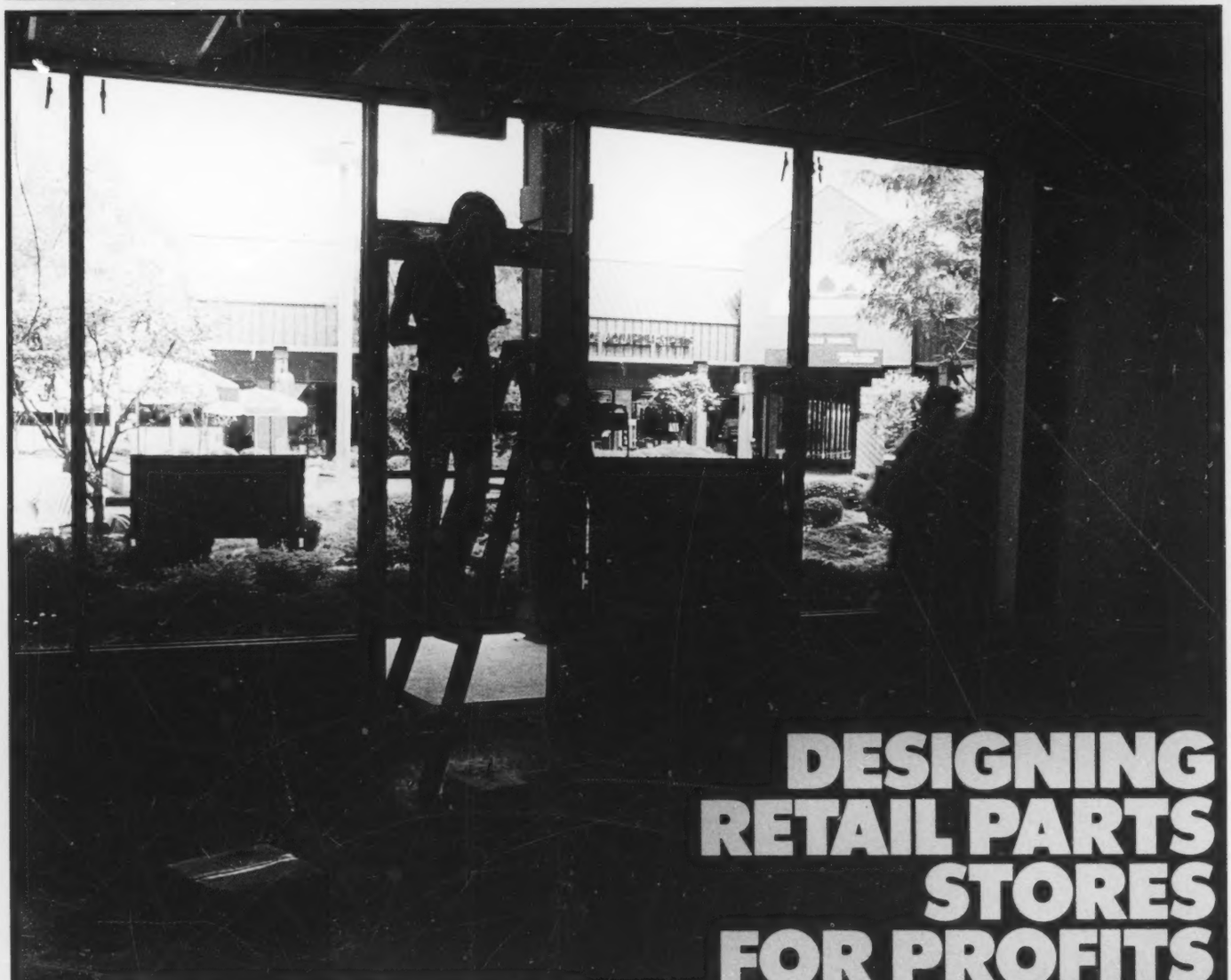
- C2150-10
9/28/87

Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

SEPTEMBER 1987



DESIGNING RETAIL PARTS STORES FOR PROFITS

Will 1987/8 Be The Winter Of Our Content?

Fall/Winter Selling Expectations

Also, AM's Fall/Winter Merchandise Ideabook

BRENDAN MCNALLY
JUL 88
STATISTICAL REFERENCE IDX DIR
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814
01077952576CN

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

September Issue/Volume 16, Number 10

EDITORIAL STAFF

Rosemarie Kitchin
Editor
(215) 964-4394

Gail Krueger-Nicholson
Senior Editor

Philip Katcher
Research Editor

John Wirebach
Senior News & Feature Editor

Bonnie Lynne Shannon
Editorial Assistant

Jim Naughton
Director of Graphics

Janet Lee Taylor
Art Director

Sarah Frankson
Publisher
(312) 782-1400

Chilton

ONE OF THE ABC PUBLISHING COMPANIES

ABC Publishing President, Robert G. Burton
1330 Avenue of the Americas
New York, New York 10019

Chilton Officers:
President and Chief Executive Officer, Lawrence A. Fornaciari; Vice Presidents Publication, Richard D. Bay, Richard E. Dute; Vice President/Director Chilton Research Co., Ronald A. Hoxter; Vice President Finance, Christopher M. Savine; Vice President Operations, Donald W. Chestnut; Vice President Publishing, John P. Kushnerick.
Copyright 1987 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Company, Chilton Way, Radnor PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $40 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($30 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, P.O. Box 2075, Radnor, PA 19089.

FEATURES

The Winter Of Our Content? 30
The Fall/Winter selling season looks good to both retailers and economists.

Design Retail Parts Stores For Profit 40
Store design and product merchandising do more than make your store look good. These concepts make you money.

Store Design Harmony Brings Success 48
Good store design gets retailers where they want to be. Harmony among the functional, operational, and the aesthetic components of the store is the key.

DEPARTMENTS

Detailing The Market 5
Editorial 13
The *Automotive Marketing* Index 14
Market Line 17
Merchandising Page 52
Products 54
Reader Service Card 57
Rep Guide 59
Ad Index 62

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/87 $1.00 + 25¢).

PUBLISHER'S NOTES

SELLING RETAIL

Location, location, location, says the punchline to that very old "What's the most important thing in retail?" joke.

There's truth to that punchline, but what's inside the store, and how it's presented, are of equal importance to the retailer's bottom line performance.

For insight into the "inside," read Senior Editor Gail Krueger-Nicholson's feature on store design and our Touche Ross partners' view of how to make dream stores come true.

To add icing to our instore cake, bite into our merchandising feature on store dwell areas.

And, while you're thinking "inside," browse through our Fall/Winter Merchandise Ideabook supplement for some great products and seasonal ideas.

Measure your expectations for the coming months against other retailers' projections in Research Editor Philip Katcher's piece on how Fall and Winter will shape-up for sales.

And see how the aftermarket stocks measure up against the total market on our *AM Index* page.

Automotive Marketing's Editor Rosemarie Kitchin's August editorial looked at non-store selling on TV. We continue looking at other ways of selling parts in our Market Line report on electronic shopping, mail order business, and dealership boutiques.

Let us hear from you. ■

Sarah Frankson
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

MARC C. BLOOM DIV./ DCH INC.
Headquarters: 1000 N. Kraemer Place, Anaheim, CA 92806-0065, (714) 632-9660
Stores: 45
Total Corp. Sales: $63,000,000 (est.)
Average SKUs: 3,000 (est.)
Founded: 1926

For those who grew up in Southern California during the last few decades, the Marc C. Bloom tire emporium was a familiar landmark. Its various outlets, scattered throughout the area, were "tire cafeterias"—places where you could purchase, at competitive prices, just about any brand of tire made anywhere. During the 1970s, service bays were added; at one time in the chain's history, gas pumps were part of the service too.

The company experienced heavy ownership turnover, but its basic image remained the same—a place where you could buy any type of tire and could get some types of repair services.

In April 1986, Goodyear made a major California acquisition—Marc C. Bloom in the Los Angeles area; Dormans in San Diego; and Gerards in San Francisco. All are run under the umbrella title DCH Inc., but each retains its identity—with some differences.

The first thing that happened at Marc C. Bloom was a drastic reduction of inventory. The only line carried is, obviously, Goodyear, but within that line is what management calls "full coverage" with good, better, best tires, and a selection of sport wheels.

Upgrading was next on the agenda, and it took place in several areas. First, the units had to be re-identified as "Marc C. Bloom/Goodyear/ Certified Auto Service." It was Goodyear's intention that the units would still be identified as independent dealers in the marketplace rather than Goodyear stores. The Bloom name was already accepted in the market and Goodyear did not want to confuse consumers.

In addition, the number of units was pared down to avoid conflicts with Goodyear dealers, and new training was mandated for all employees. First of all, salespeople had to learn a new way of thinking—in effect, they were going from selling multiple lines to selling one line, and they had to be familiar all aspects of that line.

The new training was not only in product, but especially heavy in the service department, because Goodyear upgraded all service bays with computerized equipment. "We made the service departments state-of-the art," said Richard (Dick) Baxter, executive vice president of DCH. That meant, in some cases, reconcreting the floors and putting in hoists, and other expensive ventures.

Training has been handled by Goodyear personnel from Akron, OH, and there are now Certified Auto Service Classes featuring computerized engine work, front-end wheel alignment, and brake. There is an

ongoing schedule for mechanic and service manager training, and also for high-performance tire technicians. At the end of the training, according to management, employees are qualified to pass CSE tests (California's state certification test) and, said Baxter, "we encourage them to take the test."

Like many retailers, Marc C. Bloom suffered a high employee turnover rate. According to Baxter, "we have really slowed down the turnover rate, primarily by our pay scale and rewarding employees for work done. They know there is a future. They can see mobility within Marc C. Bloom and Goodyear."

In one final change, manual invoicing was switched to a Goodyear management system, and that meant further training. Computerized office equipment now handles all invoicing, processing all customers' vital information. Like many large retail chains, Marc C. Bloom now also has computerized inventory ordering systems as well.

The chain of command is similar to most automotive retailers with a strong parent company. The store manager is responsible essentially for everything that happens in his store, but he works with a general policy book that give guidelines on everything. The stores are not all exactly alike in terms of square footage and so forth, but "we try to conform as closely to Goodyear guidelines as possible," said Baxter.

There are 14 high-dollar volume outlets, or "superstores," whose mangers answer directly to a vice president. The other store managers answer to a district manager. There are seven district managers, each of whom have seven stores reporting to them. Superstore managers are next in line for promotion to district manager or other promotions within the corporation. The district managers answer to one of the two vice presidents, who in turn report to Baxter. He answers to Richard (Rich) Gibbons, president and CEO, DCH.

"Our first goal," said Gibbons, "is complete customer satisfaction."

DETAIL

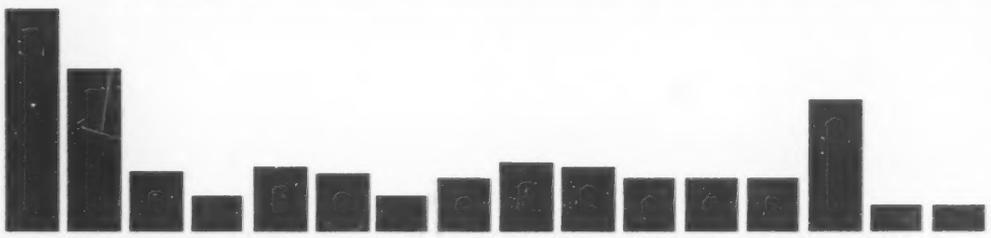
47%

of all adult males in the country say they are interested enough in cars and light trucks to read about the new models, according to the Newspaper Advertising Bureau Inc.

PROFILE: DIYers WHO OWN FORDS

Drawing from the 1987 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who are Ford owners.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	73.4%	26.6%	13.3%	29.3%	25.7%	14.8%	16.9%	30.5%	29.3%	17.8%	22.4%	17.8%	58.6%	11.2%	12.4%



THE AUTOMOTIVE MARKETING INDEX

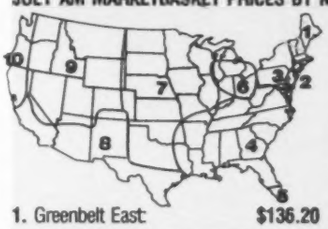
THE 1986-87 *AUTOMOTIVE MARKETING* MARKETBASKET

To determine the price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index. The products include a non-resistor spark plug; an oil filter; a can of 10W30 motor oil; a can of paste wax; an AM/FM/Cassette radio; a gas-charged shock absorber; a gallon of antifreeze; a pair of windshield wiper refills; and a 40-month-warranty battery. These products are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

JULY 1987 NATIONAL AVERAGE MARKETBASKET PRICES

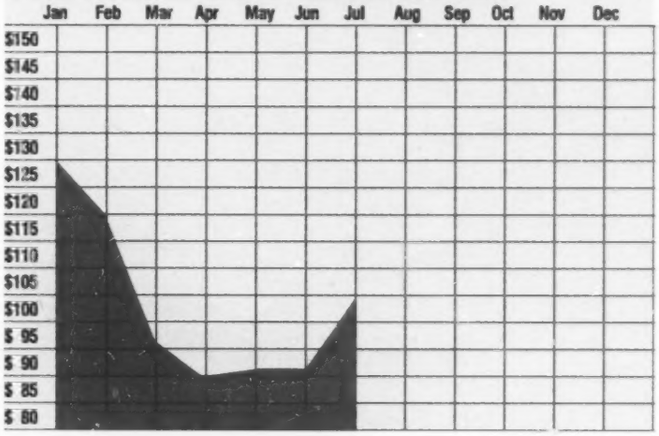
A non-resistor spark plug:	$ .72	A gas-charged shock:	$ 14.85
An oil filter:	2.31	One gallon of antifreeze:	3.50
A can of 10W30 oil:	.74	One pair of wiper refills:	2.41
A can of paste wax:	2.99	A 40-month battery:	31.16
An AM/FM/Cassette:	46.17	Total:	$104.85

JULY AM MARKETBASKET PRICES BY MARKETING AREA



1. Greenbelt East:	$136.20	3. Smokestack East:	$ 87.99
2. Megapolis East:	88.71	4. Old South:	102.75
		5. Caribbean South:	115.84
		6. Smokestack Central:	97.55
		7. Grainbelt Central:	98.46
		8. Spanish West:	92.75
		9. Desert West:	104.35
		10. Greenbelt West:	123.08

NATIONAL AVERAGE MONTHLY 1986-87 AFTERMARKET BASKET PRICES



AFTERMARKET BUSINESS INDICATORS

	Unit/Base	Mo/Qr	Current Period	Prior Period	Year Ago, Same Period	Low (61-87)	High (61-87)
Consumer Confidence	(85 = 100)	Apr	91.9	98.4	95.4	–	–
Prime Rate	%	July 13	8.25	8.25	8.50	–	–
Personal Consumption Expenditures	Billion $	1Q	3,630.0	3,662.1	3,481.33	403.8 Jan '61	3,630.0 May '87

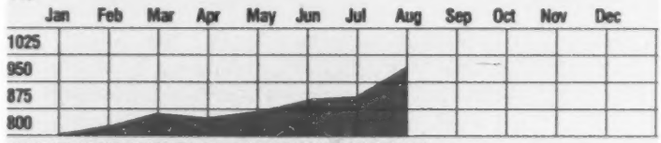
1987 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various aftermarket-related common stocks in various exchanges for the 52 week period prior to August 14.

	Exchange	52-week High	52-week Low	8/14 Quote	P-E Ratio
Armor All	OTC	27 1/4	10 1/4	26 5/8	30
Cardis Corp.	AMEX	9 7/8	1 7/8	2 1/8	2
Champ Parts	OTC	12 1/4	3 1/2	9 5/8	44
Champ Spk Plg	NYSE	16 3/8	8 7/8	15 7/8	529
Crown Auto	OTC	4 1/8	3	3 3/4	–
Dana Corp.	NYSE	53 1/2	26 3/8	53 3/4	28
Durakon	OTC	14 1/4	9 7/8	13 1/2	16
Echlin	NYSE	25 3/8	14 7/8	18 5/8	18
Facet	NYSE	23 1/8	8 3/4	22	24
Genuine Parts	NYSE	44 1/4	26 5/8	43 1/2	26
Grand Auto	AMEX	25 1/4	15 1/8	16 1/8	134
Mr. Gasket	OTC	15	4 3/8	6 1/4	–
Prlz Hannflin	NYSE	41 1/4	22 5/8	40 1/2	22
Pennzoil	NYSE	95	51 1/4	74 1/8	48
Pep Boys	NYSE	18 3/8	11 3/4	18 3/8	34
Perry Drugs	NYSE	16 3/4	9 1/2	11 5/8	–
Purolator	NYSE	40 5/8	15 1/4	31 1/4	–
Quaker State	NYSE	31 3/4	21 7/8	26 3/8	13
Republic Auto	OTC	9 1/4	6 3/8	7 1/2	–
Rite Aid	NYSE	46 1/4	26 3/4	42 3/4	21
Sealed Power	NYSE	39 1/4	23 1/8	38 3/8	14
Southland	NYSE	80 1/4	44	75 5/8	14
Stan Mtr Prod	NYSE	25 3/8	16 1/4	19	16
Superior Ind	AMEX	19 3/8	11 3/8	15 3/4	11
TBC Corp.	OTC	19 3/4	5 3/4	19 3/4	17
TRW	NYSE	70	48 1/2	65 3/4	20
Tenneco	NYSE	55 1/4	37 1/8	53 7/8	–
Tracor	NYSE	23	16 1/2	23	25
Trak Auto	OTC	18 3/4	11 1/2	17 1/4	54
Triad Systems	OTC	15 1/8	8 1/2	14	27
Witco	NYSE	47 3/8	31 1/8	40 1/4	14

DOW JONES 65 COMPOSITE STOCKS

Dow Jones 65 composite stock and *AM's* 17 aftermarket stock price as of August 14.



AM 17 COMPOSITE AFTERMARKET STOCKS

PRODUCT OF THE MONTH: OIL FILTERS

Drawing from the 1987 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed oil filters during a 12-month period.

			Age					Income				Hours Per Month Spent On DIY				Number Of Cars Responsible For		
Total	Male	Female	-25	25-34	35-44	45-54	55+	-$20K	$20-30K	$30-40K	40K	-1 hr	1-5 Hrs	6-10 Hrs	11+ Hrs	1	2	3 or More
100.0%	70.8%	29.2%	11.0%	28.5%	27.3%	13.0%	20.3%	28.4%	25.1%	14.6%	20.9%	17.6%	55.4%	16.1%	9.8%	35.7%	42.3%	22.0%

MARKET LINE

Adventures In Antifreeze 1987: Flat Market And Rebates Continue

Statistics collected yearly by the Chemical Specialties Manufacturers Association (CSMA) show that antifreeze sales fell from about 231 million gallons in 1985 to about 190 million gallons in 1986. However, each of the suppliers we spoke with thinks there's a problem with the CSMA numbers, and they dispute the reported drastic sales slump.

The problem is that companies reporting to CMSA are producers of antifreeze's chief component, ethylene glycol, and are not necessarily antifreeze sellers. For example, the Dow Chemical Co. is surveyed although it dropped its Dowgard brand in 1985 (however, it still sells glycol to antifreeze suppliers), while one of the five largest antifreeze suppliers, Old World Trading Co. (Peak brand), Des Plaines, IL, is not a producer of glycol, and does not appear on the CSMA survey.

"The numbers are probably misstated by at least 10-15 million gallons," one supplier said. The consensus among antifreeze suppliers put antifreeze sales at 205-210 million gallons in 1986, a smaller drop than reported by CMSA but still slightly below a typical 210-220 million gallon year. Suppliers blamed the drop on fewer OE sales and an extremely mild winter over most of the country.

In a typical year, 145-155 million gallons are sold by the gallon at retail, while 50-60 million gallons are sold in bulk to fleets, government, and local repackagers (some of this ends up in gallon containers). The remainder goes to OE sales.

None of the antifreeze suppliers expect major sales gains in 1987. Most see a flat market with less than 2% growth. Inventories are good, suppliers say, and much depends on the weather. "It's strictly a pyschological thing," one said. "An early freeze could send sales skyrocketing."

Suppliers also saw little growth in any of the major channels of distribution, except for some slight increase at auto chain stores. Where they do see growth is in specialty repair shops. Once more, the fast lubes come into play. Two of the largest fast lubes are reportedly planning fall winterizing programs that will tie together an antifreeze flush and fill with a lube and oil change. These programs will roll out in 1988 and several suppliers can't wait.

At the retail level, suppliers see DIY sales leveling off. One way to increase in-store sales, they say, is to increase the number of people who change antifreeze every year (about 30% of antifreeze buyers) rather than topping up the antifreeze already in the radiator.

First Brands Corp., Danbury CT, which markets Prestone, the single largest antifreeze brand (about 45-50 million gallons), aims to do this with a guarantee. The bottom line on the guarantee, according to Prestone, is that if a consumer has a problem with his radiator and it's caused by rust or corrosion, Prestone will fix the radiator. Of course, the radiator has to be flushed and cleaned first to qualify for the guarantee. This makes an opportunity for the retailer to sell high margin flushes and cleaners along with the antifreeze.

WHERE DO CONSUMERS BUY ANTIFREEZE?

Discount/Department stores	40%
Auto Supply Stores	30
Gas Stations/Car Dealers	16
Grocery Stores	5
Drug Stores	3
Other Outlets	6

Source: First Brands

ANTIFREEZE SALES BY SEASON

January/March	15%
April/June	13
July/September	23
October/December	49

Source: First Brands

ANTIFREEZE SALES
(In millions of gallons)

Company	Branded	Private Label	Total
First Brands (Prestone)	45-50	15-20	60-70
Old World (Peak)	11-15	18-22	29-37
BASF (Zerex)	4-5	25-28	29-33
Texaco	20-25	7-8	27-33
Shell	8-10	5-8	13-18

Source: *Automotive Marketing* estimates from various industry sources.

Prestone's strategy aims at getting away from the rebate mania that has ruined profit margins in antifreeze for everyone. Last year, rebates ran about $2-$3 per two gallons. With rebate, antifreeze sells for as little as 99-cents a gallon. The national average sale price for all of 1986 was $3.42 per gallon.

Even at regular prices, antifreeze is not a high margin item. Production of antifreeze is closely tied to production of glycol. Antifreeze is composed of about 95% ethylene glycol which sells for about 18-20-cents a pound. There are approximately nine pounds of glycol in a gallon of antifreeze. Thus, a drop in glycol supplies, or a rise in glycol costs, would change the antifreeze market.

Domestic chemical plants produced some 4.8 billion pounds of glycol last year. Union Carbide, whose main glycol customer is First Brands, is the leading producer. It turns out about 2.1 billion pounds, about 40% of domestic supplies and 18% of world production. Antifreeze takes up about 45% of total glycol sales. Some 35% goes to polyesters used in fibers, plastic bottles, and films. The remainder is used in explosives and paints. Glycol availability is tightening up slightly. A European plant recently blew up taking out about 12% of the European capacity. Domestic plants are running at over 90% capacity.

So, discounting antifreeze is tricky. If rebates run above a 5-6% redemption rate, a company could be ruined quickly. "We probably couldn't even handle 10%," a supplier said.

As one producer wearily put it, "When you rebate 12 months a year, it stops being a promotion and becomes regular pricing. I don't even think we're getting new customers. All we're doing is paying regular customers to buy our brand."

But for the remainder of 1987, rebates will continue. The reason: Everyone wants to be number two. While Prestone is conceded the number one spot (and no company seriously thinks it can overtake Prestone's number one spot), the number two slot is wide open.

Combined Prestone and private label sales give First Brands at least 40% of the total antifreeze market and close to 60% of the retail market. Prestone was the first non-alcohol antifreeze on the market in 1927 and has spend a lot of advertising funds building consumer awareness for the brand. One competitor called First Brands the "500-pound gorilla. Where they go, everyone will follow."

Prestone initiated rebates in 1977 and others followed. If they stop rebating, others will too. It will be interesting to see if other companies match the Prestone radiator guarantee. At least one competitor thought the guarantee "opened up a can of worms, with the potential for a lot of false claims." Still, competitors concede that only Prestone can command a premium price, a decisive advantage. And, no one else can spend the kind of advertising dollars Prestone is able to spend.

Weaknesses? Not many and not apparent. The leveraged buyout from Union Carbide left First Brand with debts, and perhaps the need to pay closer attention to profits than before. Competitors say it's hard to make money selling Prestone since everyone sells it and you have to match prices. But First Brands likes to tie its retailers into a Prestone/private label deal, which gives retailers two price points. And, there is no move by retailers to eliminate Prestone from the shelves.

Although competitors believe First Brands might lose a share point or two, there's no indication Prestone sales will slump in the near future. And, as a competitor pointed out, "You have to walk carefully around them. They could lower their price and kill everybody."

The number two company is harder to identify. Ask, and they'll each claim to be number two. We see two companies in a virtual dead heat for number two at about 10-15% of the total market: BASF Corp., Parsippany, NJ, and Old World Trading. A third company, Texaco Refining and Marketing, Houston, may be very close to these two.

BASF bought the Zerex brand from Conoco in 1986 and now has a strong one-two-three punch with a Zerex/Alugard/private label lineup. BASF is the leading private label seller with 80-90 customers taking about 25-30 million gallons. It is particularly strong in the traditional market. In addition, BASF is the leading seller of antifreeze in Europe with its Glysintine brand. It is a strong company and has made a long-term commitment.

Competitors praised BASF's work with Alugard. Introduced in 1982, BASF sell Alugard as a premium private label, emphasizing its special inhibitors designed to protect the aluminium components of newer cooling systems. Since them, it's almost become a national brand.

BASF sells a second private label mainly because some customers want to identify the private label with their own business rather than printing a name side by side with Alugard. However, Zerex is the number five brand in sales and, even when it was owned by Conoco, other Conoco brands outsold it. They have a tough row to hoe, competitors feel, with the brand. In addition, by pushing Zerex, BASF may hurt its own Alugard/private label sales. Finally, competitors say BASF is close to capacity for glycol production, and the company may have to buy glycol from other producers or import at a higher cost to significantly increase sales.

Old World is lean, mean, and aggressive, competitors say. It has low overhead because it is not a manufacturer. The addition of Peak (purchased from Norchem last year) gives it a recognized national brand to go with its own Advance, Full Force, and private label sales. "Peak has real strength from Chicago to Texas," a competitor noted. The Peak sale also gave them an assured supply of glycol from USI Chemicals Inc. (formerly Norchem). Competitors wondered, however, whether Old World had the financial strength to make Peak a strong competitor.

Texaco is the odd man out in the market. Last year, the black Texaco gallon

WHAT IS ANTIFREEZE

The major ingredient in antifreeze (93-95%) is ethylene glycol. About nine pounds of glycol are used in manufacturing a gallon of antifreeze. Suppliers add rust and corrosion inhibitors and water to the glycol to make the finished product. "Anyone who can get his hands on some glycol, throws some dye in it, and offers a private label antifreeze," one supplier said. But retailers should be wary. Many small repackagers cheat on the amount of glycol or simply don't add corrosion inhibitors.

"With aluminum alloys in radiators, the corrosion package added to glycol becomes critical. Garbage antifreeze is now dangerous to cars," another supplier said. "Some repackagers add 10% water. We caught one guy on the coast selling a private label that was 90% water."

Although formulas vary slightly by company, any major supplier's antifreeze is a quality antifreeze and safe for any vehicle. Here's the analysis of Prestone II:

94.8%% Ethylene Glycol
3.1% Water
2.1% Soluble Inhibitors
A Trace Of Dye

A 50/50 mixture of antifreeze and water in the radiator (recommended for all but the coldest areas of the country) takes the freezing point down to 34° zero, and the boiling point up to 227°. A 68% concentration lowers the freezing point to −92°. Any higher concentration actually lowers the protection. A 100% concentration only lowers the freezing point to −8°. ■

(Circle 16 on Product Information Card)

MARKET LINE

bottle appeared in an amazing number of stores. The strategy? Price. Trading on the Texaco name, the company offered retailers a national brand at a private label price. In addition to selling $1-$2 under others, Texaco has the advantage of cross-rebating with its Havoline motor oil. Texaco also secured much of Dow's business with food brokers, and leads in OE sales. Texaco sold 20-25 million gallons of Texaco antifreeze last year, and claims it is the number two brand.

Competitors questioned how long the company could give away antifreeze. One said, "They're willing to buy their way into the market with aggressive pricing structures. It's hard to justify their pricing. They've got to be praying for a low rebate rate." The outcome of the Pennzoil/Texaco court fight over the ownership of Getty Oil which led to Texaco's bankruptcy proceedings could also make radical changes at Texaco. Finally, Texaco admits it is also rapidly reaching its glycol capacity.

There is also Shell Oil Co., Houston. Most of its sales are to its own stations, oil jobbers, and in bulk. However, it may account for as much as 5-8% of the market. One competitor described Shell as "the loose cannon on the deck. They have the capacity to sell 40-50 million gallons." But, as another noted, "They lack a program, advertising, and commitment to retail sales."

Aside from a few locally strong repackagers selling to jobbers, and oil companies such as Conoco that still sell their own antifreeze, these five suppliers make up the national antifreeze market. No one expects new suppliers to come on board. As one chemical supplier said, "The antifreeze market is not very profitable. There're a lot of unhappy people there. In the past it's been a dumping ground for glycol and I don't see any change."

The objective this year, for suppliers, is to get prices back up. Several suppliers expect rebates to vanish after the new year once current rebate plans are concluded. "Not having coupons in the store is a handy strategy for saving money on rebates," a supplier suggested.

Both retailers and suppliers can grow the market by increasing the number of customers who change antifreeze yearly. "Too much antifreeze is sold simply because of critical failures such as boiling over, or radiator leaks. Retailers can do their customers a favor ahead of time," a supplier said. This also has the benefit of selling added product, as well as profitable flushes, cleaners, and sealers. ■

Nissan's "Parts Marts" range from 200 to 1,000 sq. ft., depending on the size of the dealership. Unlike what other OEMs are offering, these "Parts Marts" sell only parts and are generally located near the service writer rather than in the showroom. Each "Parts Mart" is stocked with 100% Nissan branded parts. About 20 planogrammed wall and gondola units are offered to the dealership. The dealerships are buying an average of $3,000 worth of products the first time they stock their "Parts Mart." In some dealerships, there is also a display of accessories in the showroom.

"The idea is to get Nissan customers to buy only Nissan parts. We want to give customers a name they associate with," parts program manager Dave Harris said.

Nissan prices its parts to be competitive, Harris said. Before a "Parts Mart" opens in a dealership, a regional parts manager does a survey of aftermarket prices in the area.

Toyota introduced its "Parts Centers" concept at an October 1986 show for its 1,100 dealerships. Today, there are 41 "Parts Centers" up and running, and that is without an official national roll out of the program beyond the original test unit in Houston, according to parts marketing program manager Robert Swain. Swain said the dealer response to the "Parts Centers" idea was "overwhelming."

Toyota's "Parts Centers" range from 350 to 1,800 sq. ft., depending on the size of the dealership. Anything less than the 350 sq. ft. does not give dealerships enough room to display the full product line, Swain said. But even the smaller centers are too large for some Toyota dealers. "They are not for everyone," Swain said.

Each "Parts Center" is stocked with a selection of Toyota branded repair parts, small items like filters and fuses, and impulse items. Air fresheners and tire gauges are the best sellers so far, according to Swain. Dealers are asking for a wider selection of associated products like waxes and chemicals, so Toyota is evaluating taking on a line of these types of products as well as a line of Toyota branded impulse accessories. "Not everything a customer may need will be found in the 'Parts Center' right now," Swain admitted.

But what is in the Toyota "Parts Centers" is profitable. By sourcing parts through their current distributors, the dealers pocket a 2% return on sales themselves and pass a 17% return on sales along to Toyota. Pricing is comparable to the aftermarket rather than OE, Swain said.

The parts manager or the service manager at each participating Toyota dealership receives two days of training on retailing techniques before taking charge of a "Parts Center" in addition to his regular duties. Two of the dealerships have people in the "Parts Center" full time.

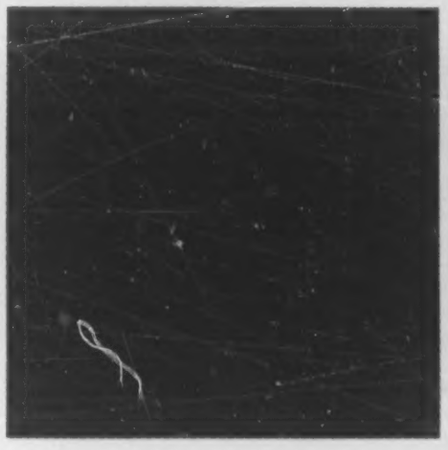
Toyota is pleased with the profits and traffic generated by the "Parts Centers." Swain is predicting that it won't be long before a dealership reaches the $100,000 a month mark in sales at one of the "Parts Centers." And with the kind of increased traffic the centers bring into the dealerships, people may even buy a car, Swain said. ■

Hyundai currently has "Parts Shops" opened at 40 of its 180 dealerships.

Interest In Non-Store Selling At High Level

Non-store retailing affects almost every aftermarket retailer to some degree, chiefly by keeping customers out of retail stores. Instead customers can order products by phone, by mail, or from television with their credit cards. Indeed, some retailers will now come right to their houses.

In a report by Management Horizons, a division of Price Waterhouse, Dublin, OH, titled "Non-Store Retailing—Strategic Options," author William R. Davidson notes that interest in non-store retailing is at an all time high.



Mail order, which offers customers many of the same products sold in automotive stores, is one variety of non-store retailing. Others include vending machines, house-to-house sales, direct mail, and electronic catalogs.

Davidson said participants in non-store retailing have a variety of strategic options to establish their niches. The report illustrates how marketers can intensify, extend, or diversify non-store strategies.

During the 1980s, catalog retailing's growth is one-third greater than retail sales, according to Davidson. Catalog sales is an increasingly complex area where catalog specialists are opening stores, manufacturers are selling direct, and stores are adding catalog operations.

"Analyzing catalog shopping/buying from a consumer's perspective shows that many consumers prefer to shop by catalog because catalog information is perceived as more objective, more complete, available at any time over a extended period, easy to discuss with others, easy to compare with other offers, and valuable for post purchase evaluation," the report said. Consumers prefer catalog buying because of no salesperson pressure, no

heckout lines, the opportunity to change one's mind, and diverse payment options.

One growing area in catalog shopping is electronic catalogs using personal computers. Recent developments in electronic catalog marketing indicate most growth activity has been in interactive terminals at home and specialized product offering terminals located public areas.

However, retailers and catalog specialists have been reluctant to develop electronic catalogs because of:

- High cost of developing technology;
- Need to get involved with other third parties, such as software companies;
- Limited available market compared with catalog lists.

The report examines other non-store retail options which have benefitted from a trend to target marketing, widespread use of 800 numbers, growth in credit cards, and more affordable advertising through cable TV. Much of the growth in direct response is by companies that can capitalize on an existing target base to build an "incremental diversification strategy" such as selling merchandise to bank or oil company credit card holders.

The report concludes:

- Most growth in non-store retailing is the result of extensions and diversifications.
- Because it is perceived as an easy field to enter, non-store retailing is overcrowded, and there will be a high mortality rate among companies which do not develop a unique competitive advantage.
- Store promotions and advertising will improve because of lessons learned from the more precise targeted marketing of non-store specialists. ■

TV Brings Stores Home

Despite disparaging news items about the long term viability of electronic shopping and great fluctuations in the stock values of public companies in the new shopping arena, the future for shopping via TV or computer screen looked promising to the hundreds of participants at the fifth annual Touche Ross electronic shopping conference in Crystal City, VA the conference.

One example was cited by Les Goldberg and Don Gordon, Telaction Corp., Chicago, who said 125,000 cable TV subscribers in the Chicago market will receive a new program developed by Telaction, a J.C. Penney subsidiary, by Summer's end.

The Teleaction program includes the Penney catalog and other consumer items. With Telaction, an interactive home shopping system, consumers in the Chicago test market will be able to order home-delivered groceries and pick a delivery time span of two hours. The viewers will shop with real video images, models, and pictures of actual merchandise. There will be audio descriptions of the products available as well.

Initially, customers will be able to order merchandise from only 20-30 merchants, but the program will have four dozen or so when it's completely rolled out. Telaction will have an "international gallery" with products from several premiere merchandise companies from which to choose. A combination of known merchants and respected brand names will "bring the initial consumer confidence" to those using the system, said Gordon and Goldberg.

From focus group research and 160 personal in-depth interviews with potential teleshoppers about their receptiveness to the new shopping mode, Telaction decided to focus its product offerings on what it terms "lower risk" items such as gifts, as well as items which help customers avoid the hassle of shopping for groceries and other commodities.

The consumer benefits include the convenience of choosing when to shop, the enjoyable home atmosphere in which the buying is done, the information available from all the product lines in the system, the multi-store breadth and depth of merchandise, and control over the time and speed of shopping.

The retailers' benefits, according to Gordon and Goldberg, who tout the program as an addition to the suppliers' current retail businesses, include an articulate and consistent sales vehicle, targeted marketing, good customer reach, shopping hours 24 hours every day seven days a week, and a flexible system for product updates. The Telaction leaders said it would take only six to eight days to bring a new product into the system.

Shoppers will purchase items by using their telephone and a personal identification number (PIN). Using the PIN will provide the Telaction merchants with valuable data about the people who buy the products, said the telemarketers. Another Telaction feature will let browsers hook into a party line feature to watch other shoppers check out products, although the privacy of the person who's controlling the shopping and purchasing the items will be protected.

The typical Telaction prospective customer is a person who has great time pressures, lives in a dual income situation, has children, and makes more than $30,000 annually. This description parallels the demographics of the typical TV cable subscriber. ■

A consumer craving for convenience has sparked a growing number of auto repair home services such as Freedom Tire, Brookfield WI, which will balance and install new tires right in a customer's driveway. President Monte Tobin says his prices are about 5%-10% below tire stores. Tobin projects 160 Freedom Tire franchises by 1991.

THE WINTER OF OUR CONTENT?

The rest of this year looks good to both retailers and economists.

by **Philip Katcher,** Research Editor

Look for the rest of 1987 to be good for aftermarket retailers if what they, and economists, generally believe comes true.

On the immediate front, the *Automotive Marketing* Retail Panel expects good growth for themselves. In all, 57.1% think that 1987 Fall/Winter selling season will be better than 1986's, while only 16% believe it will be the same as last year's. The other quarter of the panel respondents think the two seasons will be the roughly the same in terms of overall sales.

According to U.S. government officials, the "economy's underlying inflation rate is not accelerating." Unemployment has been holding steady at some 7.5%, down from more than 8.5% a year ago. The prime rate, as of June 15, was 8.25%, down from 8.5% a year previous. In April (the most recent month for which figures were available) some $199.8 billion of new orders were given to manufacturers, up from the $193.15 billion of April 1986. And, retail sales for April 1987 were $125.38 billion, noticeably up from the $117.14 billion reported for April 1986, according to government figures.

At the same time, overall, the country's businesses are growing. Manpower Inc.'s most recent survey of 13,000 businesses indicated that only 8% plan late Summer/early Fall layoffs, while 29% actually plan to add employees then. According to Manpower's president, Mitchell S. Framstein, this supports "an optimistic outlook for the months ahead."

New Cars Aren't Selling

Even with these overall good economic indicators, apparently due in large part to changes in tax laws, people aren't spending their money on new vehicles. Total June auto sales, for example, were 13.6% lower in 1987 than they were in 1986, according E.F. Hutton & Co. figures. The trend continued into July, with 12.4% fewer new cars sold in early July 1987 than in the same period in 1986. There were a few bright areas for new vehicle dealers. Sales of imported cars in June were up 1.2% over the year before, while those of light trucks jumped 8.2% from 1986 to 1987.

These are figures that should bring joy to aftermarket retailers. They imply that people are going to spend money maintaining their present cars rather than buying new ones. And, the light trucks they are buying in larger numbers are vehicles that people traditionally buy aftermarket products for immediately after purchase.

Of course, weather is the single most important factor in getting customers to buy Fall/Winter seasonal products, points out Hughie Elmo Jones, Western Auto, Carmi, IL. "With the mild Winter last year, Winter item sales were down," he reports. This was true throughout much of the country in 1986. This year, said Avis Cox, secretary-treasurer of Cox Auto Supply, Yankton, SD, "hopefully the Winter will be 20° below for weeks and ten feet of snow for two months."

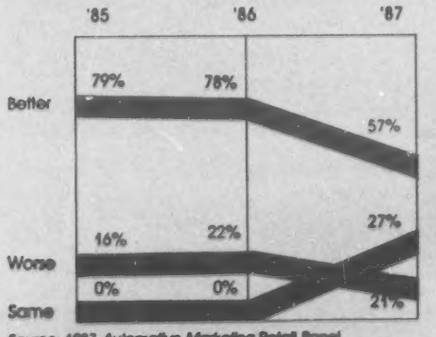
Reminding The Customers

Even if the Winter is considerably colder in 1987 than it has been for the past several years, customers have to be reminded of the necessity and the importance of making sure they've got the products on hand to get them safely through Winter. Too many of them have gotten out of the habit of winterizing. This calls

OPTIMISM SLIPPING ON FALL/WINTER SALES

Retailers think the fall/winter 1987 selling season season will be better than the year before. But fewer retailer are as optimistic this year as were in 1986 and 1985.

How do you think this year's fall/winter selling season will compare to last's years?

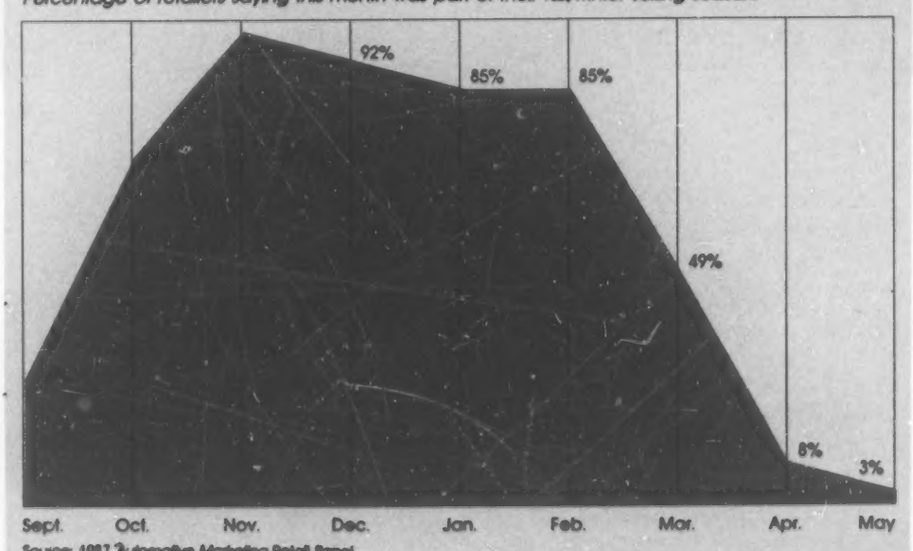


Source: 1987 *Automotive Marketing* Retail Panel

NOVEMBER & DECEMBER ARE BIGGEST FALL/WINTER SELLING MONTHS

We asked our Retail Panel: "What months are in your fall/winter selling season?" We expected regional differences—but we didn't find any. One Florida retailer told us his selling season ran from September through March; a South Dakota retailer said his selling season ran from October through March; and one Ohio retailer said his selling season included only September, October, and November.

Percentage of retailers saying this month was part of their fall/winter selling season.



Source: 1987 *Automotive Marketing* Retail Panel

TRADITIONAL FALL/WINTER PRODUCTS CONTINUE TO BE BEST SELLERS

We asked our Retail Panel: "What will the best selling Fall/Winter products be in 1987?" Retailers said the best sellers will be general Winter-type products. In 1986, retailers said the best sellers would be light truck and imported car products.

Batteries	53%
Additives	26
Antifreeze	24
Winter Chemicals	21
Tune-Up Products	18
Snow Tires	16
Hoses & Belts	11
Wiper Blades	11
Engine Warmers	11

Source: 1987 *Automotive Marketing* Retail Panel

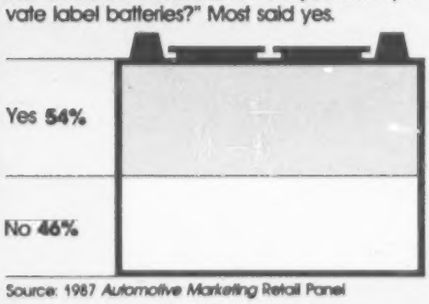
for reaching out and touching car owners. As Harvey L. Eddins, Car Care Parts, Burlington, NC, said, advertising is one of the most important ways of doing this.

Over 3/4 of the *Automotive Marketing* Retail Panel advertise Winter products. In all, 51% said they promote Fall/Winter products through newspaper advertisements, while 32% use television and radio for the same purpose. Eddins suggests two advertising themes: "Don't wait until it's here to prepare for Old Man Winter, or, Why prepare your car in the cold when you can do it now?"

Ken Davis, Right-A-Way Auto Parts, Trenton, MO, uses radio advertising. He said his advertisements "make the customers are aware that trouble is lurking, and a simple check of their systems will help prevent future problems." William Kudon, Walters Auto And Truck Parts,

RETAILERS STOCK PRIVATE LABEL BATTERIES

We asked our Retail Panel: "Do you stock private label batteries?" Most said yes.



Source: 1987 *Automotive Marketing* Retail Panel

Product Review: BATTERIES

Battery sales depend on cold weather. Sure, hotter engines and hot weather takes just as much, if not more, out of a battery, but drivers tend to associate battery failure with the cold. Retailers and makers agree that cold weather is important for a good battery selling season.

"A couple more mild Winters like last Winter, and we'd consider cutting back on the number of batteries we stock," said one Mid-Atlantic retailer. "But, I think we're due some real blizzards this year and, with the strain all the hot weather we had this Summer put on batteries around here, we're bound to do well then."

Despite the mild Winter weather, retailers reported last year as a record one for selling batteries, with over 60 million being sold, up from the 59 million of the year before. They expect batteries to be a bright spot again in the Fall/Winter selling season. In all, 52.6% of the *Automotive Marketing* Retail Panel picked batteries as the product showing the most potential growth for the up-coming season—the product that received the largest percentage of all votes.

Retailers on the panel report that they average six turns on batteries and stock an average of four price points. Most retailers report they stock only one brand of battery, and half of them offer a private label battery.

Low prices and small margins are a problem for many retailers who sell batteries. Almost half the DIYers who bought batteries in 1986, according to the 1987 *Automotive Marketing Consumer Automotive Repair Study (CARS)*, bought the one they did because of low price. At the same time, the average price of a 40-month-warranty battery on sale in 1986 was $31.20, according to the *AM Index*. Perhaps, then, it is no surprise that the average margin members of the Retail Panel reported is 30%. This margin is lower than the usual 50% retailers remember, but is still a quite acceptable margin retailers tell us.

Battery Chargers

There's even more potential growth in the battery charger market. Only slightly more than 20% of the homes in the U.S. have battery chargers, according to one battery charger maker's figures, while the average number of batteries in these homes is increasing daily. These include, of course, not just car, light truck, or van batteries, but batteries in motorcycles, snow-mobiles, and boats. On top of that, the increasing electric loads found in today's vehicles from air conditioners and modern electronic gadgets drains an ever increasing load on even today's batteries built to supplier sufficient power.

Hence, a great potential sales growth in battery chargers is seen.

Some retailers, notably Pep Boys and Grand Auto, have taken advantage of this growth potential. Their successes in battery charger sales are largely attributed to the time they take to train their floor personnel on selling chargers. It has obviously been time well spent. Sears is another retail chain that has been very successful in the charger business; a success attributed to the fact that Sears developed—and promoted—its own line of chargers.

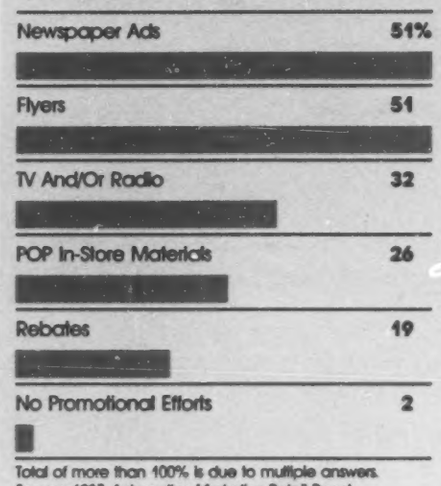
There are a number of different battery chargers available to the retailer without the time or money to develop his own lines. These range not only in prices, but purposes, with chargers being used for outboard motors and other non-automotive purposes as well as for cars, light trucks and vans. *AM* Retail Panel members report that they carry two brands, on average, with a 33% usual average gross margin. Inventory turnover, on average, is one. They also say that they carry, on an average, seven SKUs of battery chargers, with a price range that runs between $30.70 to $135.

This compares favorably with the suggestion of one manufacturer that six SKUs should be carried; a one amp trickle charger, a 6/2 for cars and motorcycles, a ten amp manual, a ten amp automatic, a 10/50 or 10/30/50 booster charger, and a 10/40/200 wheel charger. Prices on this manufacturer's suggested inventory range between $20 and $150.

Both batteries and chargers both offer a retailer a chance to make it a good Fall/Winter selling season. They should be displayed, preferably together, and promoted heavily. ■

HOW RETAILERS PROMOTE FALL/WINTER

We asked our Retail Panel: "How do you promote yourself during the fall/winter selling season?" Most of our panel members planned some sort of promotional effort, and a surprising number are going to tell their stories over radio and television.



Total of more than 100% is due to multiple answers.
Source: 1987 *Automotive Marketing* Retail Panel

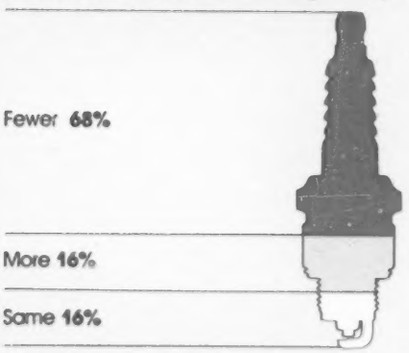
Waterbury, CT, said his company's advertisements let its customers know "what to do, for 'an ounce of prevention is worth a pound of cure'."

Many retailers are taking advantage of the public service print advertisements produced by the Car Care Council, Detroit, which culminates with National Car Care Month in October. Right-A-Way's Davis said he "stresses October Car Care Month" in promoting Fall/Winter selling, and he is only one of the 51% of *Automotive Marketing* Retail Panels said they who do so.

Some retailers, however, told us that they were unfamiliar with the project. The Council, through donated advertising

RETAILERS SEE DECLINE IN TUNE-UPS

We asked our Retail Panel: "Are people doing more or fewer tune-up than they were five years ago?" Most retailer believe that fewer of their customers are doing tune-ups.



Source: 1987 *Automotive Marketing* Retail Panel

Product Review: TUNE-UP

Sure, the news looks bad—at least superficially. People in the aftermarket business agree: vehicle owners are doing fewer tune-ups than ever. According to 68% of the *Automotive Marketing* Retail Panel, noticeably less car owners are doing tune-ups than they did five years ago.

One manufacturer which has been tracking the tune-up market for many years recently reported that "the DIY trend—virtually level for nearly a decade—began its downward course in late 1983." The company's most recent statistics suggest that this trend has continued, as it found that DIY installation has "dropped from 41% in 1983 to 38% in 1985." And, it appears that the service market hasn't gained the lost customers.

Tune-Ups Can Be Sold

However, these statistics reflect practices of *all* the vehicle owners, including traditional installer customers, in the country. Every aftermarket retailer knows that a sizeable number of vehicle owners don't do sufficient or proper maintenance of any sort, including tune-ups. They haven't been, nor are they going to become, major tune-up customers. However, the customers who actually come through aftermarket retail store doors are DIYers who do maintain their cars and do tune-ups.

To begin with, tune-ups are still needed, even though they don't produce the obvious driving performance results they did in older vehicles. But, proper attention to the tune-up parts that can be checked and replaced when necessary, such as spark plugs, can make even today's four-cylinder cars start easier, run easier, and get better mileage. Unfortunately, too many vehicle owners don't know this. Obviously, vehicle owner education, both on the continuing need for the tune-up and the methods and tools with which it can be done, is called for.

The Serious Tune-Up Crowd

Customers want to know that they can and should still be doing tune-ups. The customers who do maintain their vehicles and shop in auto parts stores are basically serious DIYers who still believe in tune-ups. Many of them actually never stopped doing tuning-ups.

For one thing, electronic ignitions, which in large part have created the feelings that the tune-up is unnecessary or impossible for a DIYer to do, didn't become the standard ignition system in most vehicles on the road until the 1978 models. There are, however, a lot of cars made before then still functioning. The Motor Vehicle Manufacturers Association (MVMA) reports that over 63 million cars made in 1977 or before are still on the road. And, in all, 52.2% of DIYers surveyed in the 1987 *Automotive Marketing Consumer Automotive Repair Study (CARS)* reported that they owned 1977 or earlier cars.

Therefore, it comes as no real surprise that, according to the 1987 *CARS* study, the number of DIYers who bought a vital tune-up component, the spark plug, was a healthy 58.9%. Admittedly this was a serious drop from the 74% spark plugs purchasers reported in our 1984 study, but plugs were still the third most popular automotive product sold to DIYers in 1986. And, the percentage of those DIYers who install their own spark plugs or have another DIYer do it for them has remained constant at around 80%. Hence, the retailer should continue marketing ignition and tune-up products to that large block of customers who still own older cars and do their own tune-up work or who know enough to do tune-ups on newer models.

Sell The Whole Tune-Up

And, when one of those customers come in for a tune-up item, such as a spark plug or spark plug wires, the retailer should go beyond just providing that item. Carl DiGiloramo, Carl's Auto Parts, Corfu, NY, points out the need, when selling anything needed for tune-ups, to sell everything related to the job. "Suggesting everything needed for a tune-up is a customer service," he says.

Obviously, therefore, a retailer should maintain his inventory of ignition SKUs. He has to educate his customers through advertising and in-store displays as to the need and possibility of the tune-up today. Then, he should practice add-on selling to make sure his customer gets everything he needs to do the job right. Given this, there's still a good market for tune-up products out there. ■

and news releases run in newspapers, magazines, and special car care advertising sections, tells car owners about the need for preventive maintenance to save money, gas, air quality, and even possibly lives. National Car Care month is supported by government, industry, and public interest groups. Retailers interested in learning more about the program can get in touch with the Council directly. It is located at 600 Renaissance Center, Detroit, MI 48243. The phone number is (313) 259-4612.

Advertising's Not The Only Answer

Jones of Carmi's Western Auto, however, faces a problem many retailers face. He believes that more advertising could help bring in customers to buy products to prepare for Winter emergencies. "But," he adds, "I don't believe the increase in sales would justify the cost of advertising."

For such retailers, in-store displays can be a major part in promoting Fall/Winter specials. Gilbert Esty runs a Western Auto store in Exeter, NH. His major way of telling his customers what sort of main-

ANTIFREEZE IS THE BEST SELLING FALL/WINTER CHEMICAL

We asked our Retail Panel: "What are your top three selling fall/winter chemicals?" Antifreeze was far and away the best seller. The figures below represents the percentage of retailers mentioning a given product.

Windshield Washers/Solvents	56%
Gasoline Additives	44%
Starting Fluids	42%
Carb Cleaners	20%
Transmission Fluids	15%
Radiator Fluids	11%
Oil Additives	7%
Diesel Additives	6%
Leak Inhibitors	6%
Waxes/Polishes	6%
Lock De-Icers	4%

Total is more than 100% due to multiple answers.
Source: 1987 *Automotive Marketing* Retail Panel

Product Review: CHEMICALS

Say Winter chemicals, and antifreeze/coolant is the term that most often comes to mind. In fact, 23.7%—the second largest percentage—of *Automotive Marketing* Retail Panel members picked this product as showing the most growth potential in the Fall/Winter selling season.

There is evidence to back this up. One manufacturer said its figures indicate that 70% of all motorists do not flush their vehicles' cooling systems and replace the antifreeze annually. Just getting some of them to do this simple maintenance task would improve antifreeze sales.

Another manufacturer discovered that vehicle owners who winterized their cooling systems by flushing old chemicals and replacing them with new antifreeze and water save, on average, $170 in repairs and service costs a year. Over a vehicle's lifetime, savings could reach more than a thousand dollars on these costs. Getting motorists to realize this could bring in many of those missing sales.

Dollars can still, however, be gotten from the pockets of those who fail to flush and refill annually. One manufacturer recently introduced a product that "rejuvenates neglected antifreeze without a change." The product, used as a top-off, restores the original antifreeze/coolant's "protective components without flushing the system," according to the maker.

Education, Not Rebates

Indeed, too many drivers aren't aware of either the value of a complete antifreeze replacement or of any new products to replace the whole job. Retailers consider consumer education to be an answer to increasing the antifreeze/coolant market. However, suppliers have been using promotional methods such as rebates to increase antifreeze sales—and market share. Last year, rebates of $2 to $3 per two-gallon sales were not uncommon. Manufacturers expect to continue the practice, although rebates are not very popular with retailers. Only 19% of the members of the *Automotive Marketing* Retail Panel depend on rebates to increase sales during the Fall/Winter selling season.

Even though antifreeze is not sold on the scale it could be, it is still a basic commodity. Every *AM* panel retailer carries antifreeze. They report that they stock two antifreeze price points, on average; with an average margin of 64%; and an average of seven turns. Many of them stock a private label as a second price point; of the antifreeze sold by the five largest manufacturers, some 45% is sold under private labels.

Because antifreeze is so often sold on sale, often with rebates, margins are squeezed. One manufacturer recently approached this problem by offering a guarantee on antifreeze-caused damage to radiators filled with its antifreeze—provided that the customer first properly flushed the system and refilled with a correct amount of the manufacturer's antifreeze. In theory, this should improve sales of products related to antifreeze/coolant, products such as radiator flushes and testers.

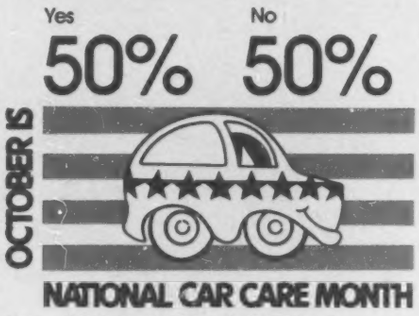
The Add-On Sale

This form of add-on selling is not new. Ken Hottle, who runs a Western Auto in Sidney, OH, said his plan to increase Fall/Winter product sales is to "run specials on antifreeze and ask customers who come in for it about other items in their cars that may be wearing out." Horton Edward, West's Automotive, Newport, RI, agrees. "In order to survive," he said, "we must sell related items in at least 35% of our sales." And, this sort of selling helps the customer as well. Mark Madden, Cloverleaf Auto Parts, Pittsburgh, a retailer in another of the nation's cold spots, points out that selling all these products actually "saves the customer troubles by not making him make four or five trips to do a job right."

So, to do the job right the first time, the customer will need a radiator flush, a radiator cleaner, a rust inhibitor, and perhaps a sealant as well as antifreeze itself. While in the store, and thinking about cleaning out his vehicle's systems for Winter, this customer can easily be sold a carburetor cleaner or one for fuel injectors, and a gas additive to remove water that can freeze in the fuel lines. Owners of diesel engine cars will need an additive that boosts cetane in the winter, due to the fact that many diesel fuels available today tend to get thicker and clog fuel lines and filters in low temperatures. ■

CAR CARE MONTH IS IMPORTANT

We asked our Retail Panel: "Do you take advantage of Car Care Month in your promotions during the fall/winter selling season?" Half of them did. Those who didn't had their promotions established by such groups as programmed distributors or didn't know much about the Car Care program.



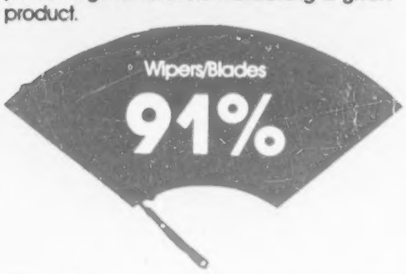
Source: 1987 *Automotive Marketing* Retail Panel

tenance they should do for Winter is "use of in-store displays to emphasize what should be done and how simple many of the procedures actually are." Lewis B. Edwards, Edwards & Son of Pahokee, Pahokee, FL, agrees. "We use endcaps to remind people of the attention that their car should receive."

Finally, Jim Martin, who runs a Western Auto Store in Kirksville, MO, knows what he really wants to make a super Fall/Winter selling season. "If our suppliers could give us some truly good buys," he tells us, "so that we could have a few *hot* prices and still make a profit, we would be pleased." Sounds good to us. ■

WIPER BLADES ARE THE MOST POPULAR FALL/WINTER ACCESSORY

We asked our Retail Panel: "What are your three best selling fall/winter accessories?" Wiper and blades were far and away the best sellers. The figures below represents the percentage of retailers mentioning a given product.



Headlights	80%
Cables	65%
Tire Chains	24%
Flares	7%
Safety Lights	4%

Total is more than 100% due to multiple answers.
Source: 1987 *Automotive Marketing* Retail Panel

Product Review: ACCESSORIES

All of our people suggest seasonal needs, especially safety items," reports Lochen H. Bibb of J.B. Cook of West Nashville, Nashville, TN. He emphasizes that "fun" accessories move best in Summer, things like dress-up items and gaily-colored sunscreens, but top-mover Winter items are serious products that help guarantee the driver's safety. Things like wipers, chains, flares, and headlights.

Glamorous? No. But they are solid investments and money in the bank for retailers.

That's not to say that customers automatically flock to buy safety items. Traditionally, they don't like to be reminded of their necessity. Indeed, when asked how more customers could be made to prepare their cars for an emergency, Louis Wilson, C.W. Douglas Inc., Buzzards Bay, MA, speaks for many retailers when he affirms, "Salesmanship is the only way."

Windshield Wipers/Blades

Windshield wipers and blades make up one product category that clearly demonstrates how customers don't think ahead to get an important safety product until it is very much a necessity. A wiper product manufacturer recently surveyed vehicle owners and discovered that 23.1% of them experienced recent problems with the quality of cleaning done by their windshield wipers. "That means that nearly one of every four motorists, or more than 19.6 million cars on American roads, should be in the market for...wiper blades or refills," the company's product manager said.

Moreover, the wiper blade replacement business is largely a DIY business. The company's 1986 survey indicated that 63.7% of motorists who bought wiper refills installed them themselves, an increase of about 3% in three years. The decline of full-service gas stations is the main reason for this, since the company's figures indicate that the traditional service station has lost about a third of its share of wiper installations during the 1980s. However, 47% of the car owners the company interviewed never replaced their wipers.

"To tap that market potential required a greater attention to telling motorists about their wiper needs. The use of consumer advertising and point of purchase merchandising, in addition to personal conversations with motorists, whenever possible, are steps in the right direction," he said.

Lighting Products

"Before ringing up a sale, we ask a question such as, 'do you have any lights that should be replaced'?" This is how Lewis Edwards, Western Auto, Pahokee, FL, deals with making customers aware of potential safety problems that can be solved by timely lighting replacements. And, with the longer darkness of Fall and Winter months, good lighting is especially vital in this selling season.

Headlights are the most obvious light that can need replacement. Drivers often become aware of a burned out headlight in Fall/Winter darkness that they hadn't noticed when driving in the brighter Summer. Indeed, 80% of *Automotive Marketing's* Retail Panel picked headlights as one of the best selling Fall/Winter product they stock.

But, today's vehicles are a mass of lights, both inside and out. And, all of them should be working for maximum safety. Several companies now offers a single packaged kit that contains bulbs to tail, signal, parking, dash, sidemarker, license plate, interior dome, and third brake lights. It is packaged to be an impulse buy at a cash register, an advertised special sold on endcap, or a pegboard item in a small auto section. The kit gives retailers something unusual, inexpensive, and helpful to offer motorists, especially in the months when lighting is so important.

Other Safety Items

The *Automotive Marketing* Retail Panelists saw good sales in other Winter safety items. In addition to wipers, wiper blades, and headlights, they named, in order, battery jumper cables, tire chains, auxiliary safety lights, ice scrapers, and flares. Most of these are now available in attractive packaging designed for impulse buying. A retailer who stocks and promotes all these safety items will increase sales—and help make sure customers make it through the Winter easily to return to his store for next year's Spring/Summer season. ■

DESIGNING RETAIL PARTS

Store design and product merchandising do more than make your store look good. These concepts make money for you.

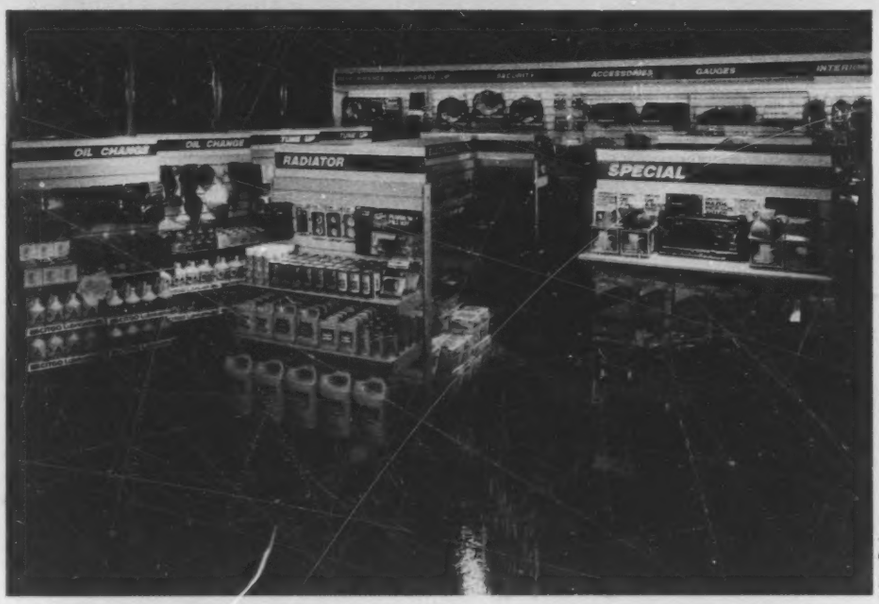
by **Gail Krueger-Nicholson,** Senior Editor

It's a sad story. Bill sits behind the parts counter of "Bill's Automotive Store" day after day. Sometimes he walks down the cluttered aisles, tripping over discarded merchandise, and looks out of his dirty windows. He peers around the sun-faded posters, and watches people—potential customers—hurry down the sidewalk. Few people stop in any more, and of those who do, fewer make big ticket purchases.

Bill's been in business for 30 years. He's a nice guy. He supports the Little League. And he used to know every customer who walked in his front door by name. So, why isn't Bill's business booming? What's wrong?

"I'll tell you what's wrong. His store's a mess. Instead of watching the heads go by a dirty window, he should stand out on the curb and look at his store. He may be a nice guy, but customers don't have time to get to know him anymore," Les Masover, director of marketing for Retail Store Planning Consultants, said.

Masover, whose Lincolnwood, IL, company specializes in store design, told the story of "Bill's Automotive" to make a point. The point is this: a well-designed, well-merchandised store makes money. A store that isn't well-designed and isn't well merchandised will fall by the wayside in today's competitive aftermarket.



This prototype store shows how graphics and lighting can generate excitement and give a store individual identity.

Get Their Attention

How your store looks and its image are what gets customers' attention in the first place. "Let's face it, today's customers don't care if you're a nice guy. People move, new people come to town. They don't know you're a wonderful person, and they don't care. You have to make an impression, you have to give them a reason to shop your store," Masover said. Instead of counting on good will, today's aftermarket retailers must make a dynamic first impression and follow that up with continuing impressions of a clean, uncluttered, exciting, easy place to shop.

Making those good impressions gets harder every day. That's because all forms of retailing have become increasingly competitive, with stores growing in size and number out of proportion to the population, according to John M. Kawula, president of the Point-of Purchase Advertising Institute (POPAI). For example, the average square footage of stores (There were 1,100,750 retail outlets of all types in 1982.) increased by 80% in 1986, while the population grew at the much slower rate of 12% in 1986. Consequently, retailers are faced with a difficult consumer shortage, Kawula, whose Ft. Lee, NJ, association studies consumer shopping patterns, said.

Add to that a fact you already know: more and more stores, and many non-store retailers as well (see our Market Line section), are selling aftermarket products. It's a tougher struggle for consumer dollars, Kawula said.

But you can win the struggle with good store design and strong product merchandising. For instance, even a minor "re-design" like slapping on a fresh coat of paint and doing some basic clean-up work will increase business by 5%-10% over the short term, Peter Carpenter, a store design expert from Miller/Zell Design Research, Atlanta, said. And the power of merchandising is even greater.

"We know from POPAI consumer studies that the average consumer will purchase 15-20% more in a store that he perceives as well-merchandised and exciting to be in," Kawula said. POPAI studies also indicate that 66.1% of all purchases are a result of an in-store decision between one product and another, and that unplanned or impulse purchases account for more than half of all purchases (52.6%).

So how do you harness the profit power of store design and merchandising for yourself? How do you build a positive image for your store? Begin by developing a store design that grows out of your marketing plan and how it relates to your customers. Critically analyze how your store looks by focusing on four key design points: store layout, lighting, signage, and fixtures. And finish off with a review of how you merchandise your products. At each step of the way, there are professionals who can help you. But you can do-it-yourself, too. (For a look at how some jobbers are re-designing and re-merchandising for greater profit, read our case study.)

First, A Marketing Plan

Store design means more than just pushing your gondolas around, though that is just what most retailers do when they "re-design" their stores. (The charts with this story show you how *Automotive Marketing's* Retail Panel re-designed their stores). Store design means having a marketing plan and implementing that plan via store design.

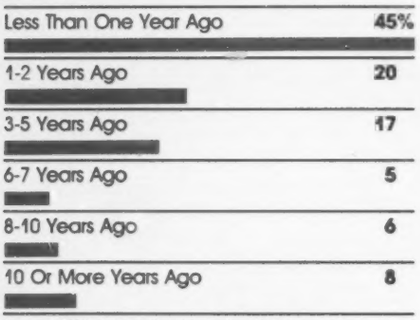
"Store design should be marketing driven. If it is not, than store design, or re-design, becomes an exercise in futility. You must do your homework," Carpenter said.

Your store is the tangible means of expressing your overall marketing strategy.

STORES FOR PROFITS

STORE DESIGN

We asked our Retail Panel: "How many years ago did you last update or change the look of any part of your store?"



Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

As such, the design of your store must be developed in the context of your marketing plan. Implicit in the marketing plan is a clear and concise definition of who your target customers are (or who you want them to be); what their specific needs, wants, and purchasing powers are; and how your store can best respond to their need.

Central to your marketing plan should be a consumer response statement, Murry Gelberg, president of Gelberg & Co., a New York City store design firm, said. The statement represents the response you want to consistently elicit from consumers when they are exposed to your store. For instance, Bloomingdale's wants its customers to feel excited (and of course to spend lots of money) each time they walk in the store. To that end, Bloomingdale's makes its stores into ever-changing merchandise shops. Bloomingdale's makes sure that its stores are never dull, its customers never bored.

The desired consumer response should be the driving force in your marketing plan and your store design. (For a detailed look at how this works, see the 1987 Management Reports in this issue and the August, 1987 issue.)

For example, are your customers heavy DIYers looking for a complete selection of hard parts? If so, open up the areas behind your parts counter so the customers can *see* the depth you have in hard parts. Put up no nonsense, industrial shelving. Expose all the nuts and bolts, from the light fixtures to the heat ducts.

Are your customers car-proud performance freaks? If so, round off all the corners and finish all the edges. Cover exposed surfaces with high gloss, shiny materials. Give your store a slick, sporty feel.

Do all of this and you have created a store that *looks* like your customers. You have created a positive, comfortable shopping environment that fits your customers' image of what "their" aftermarket store should look like. In other words, the design of your store should appeal to your target core customer base. If it does, those people will visit your store frequently. And they will buy more.

Do you want to capture a different customer base? Then reposition your store by changing how it looks. Just make sure to project a sharp, clear image. A little bit of everything adds up to nothing.

How Does Your Store Look?

Don't be like Bill. Get out from behind your parts counter and your cash register and take a hard, cold look at your store. Look at it from the customers' point of view. Ask yourself "Would I shop here if it were somebody else's store?" Ask your wife if she'd be comfortable shopping in your store. And ask your customers how you could improve your store, how you could make it more comfortable for them to shop in.

When you're done asking those questions, go to other aftermarket stores and ask the same questions. And when you're done there, go to other types of stores (clothing stores and grocery stores are the best at design and merchandising according to the experts) and ask the same questions.

You may not like the answers you get, or how your store stacks up against the others, but you can do something about it. Begin by focusing on the four most critical points of store design.

Store Layout

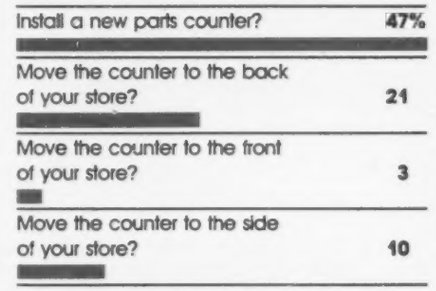
A well planned store layout, or customer circulation pattern, may be the single most important factor in improving your store's sales, Carpenter said. It takes good customer movement, or traffic flow, to expose *all* your customers to *all* your merchandise. Carpenter and the other store designers *Automotive Marketing* spoke with all prefer the loop or racetrack layout. With an effective loop, the store is easy to categorize. Strong merchandising statements are easy to make.

Carpenter suggests asking yourself the following questions about your store layout:

- Can your customers see all the merchandise you offer?

STORE DESIGN: PARTS COUNTERS

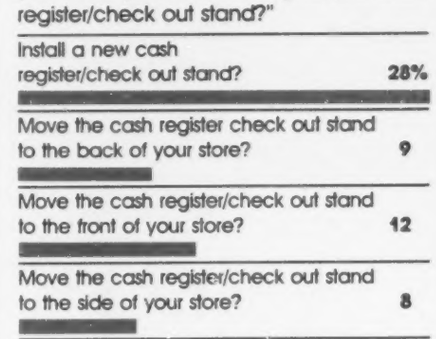
We asked our Retail Panel: "When you last changed the look of your store, did you do any of the following to your parts counters?"


Install a new parts counter? 47%
Move the counter to the back of your store? 21
Move the counter to the front of your store? 3
Move the counter to the side of your store? 10

Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

STORE DESIGN: CASH REGISTER/ CHECK OUT STAND

We asked our Retail Panel: "When you last changed to look of your store, did you do any of the following to your cash register/check out stand?"


Install a new cash register/check out stand? 28%
Move the cash register check out stand to the back of your store? 9
Move the cash register/check out stand to the front of your store? 12
Move the cash register/check out stand to the side of your store? 8

Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

- Can two customers comfortably push shopping carts down one of your aisles in opposite directions at the same time?

If you answer "no" to these questions, it's time to push those gondolas around. But remember, with all the merchandise exposed to your customers, you may have to re-shape some of your thinking: There are no corners that can be forgotten, and buying mistakes can not be hidden.

Lighting

Masover believes that store lighting is probably the most neglected element of store design. Not only should there be enough light in the store so your customers can read product package information comfortably, lighting should also be used to create shopping excitement. Lighting should create importance and highlight focal points of merchandise. Lighting should direct attention toward the predetermined focal points of your store. Light-

ing should be used as a decor element in your store.

Ask yourself the following questions about your store lighting:

- Can your customers see all the merchandise you have to offer?
- Can they read package information?
- Does your lighting highlight special, high-ticket merchandise and draw your customers' attention to that merchandise?

When you review your lighting, don't forget your ceilings. They comprise 25% of what a customer in your store sees at any given time. If the ceiling lighting is unattractive or inappropriate, then a quarter of your store presentation suffers.

Signage

Masover believes signs can be categorized as image (large graphics of race cars and products), directional (over the parts counter, over the cash register), informational (menu of available services)or identification (aisle markers, product signs) and point-of-purchase (display signs provided by manufacturers or produced by the store). Each category of sign should blend with the total theme of your store and each should be used with discretion. Signs should not distract from your merchandise, but should be an aide to sales.

Ask yourself the following questions about your store signage:

- Do your signs identify all the merchandise you have to offer?
- When customers walk in the front door, can they tell what sort of store you are (a store heavy on hard parts, a store heavy on performance parts) by your signs?
- Can customers quickly find the aisle where you keep wax and polish (or any other product category) by looking at your signs?
- Do other signs direct customers to other items of interest like sale merchandise and special buys?
- Do you keep point-of-purchase (POP) signs up to date?

If you answer "no" to any of these questions, or if there are signs in your store that do not perform those functions, throw those signs away and start over.

Fixtures

Fixtures are to your merchandise what scenery is to actors in a play. Fixtures and scenery do not, and should not, dominate the action. They should instead set the stage for a successful production or, in the case of your store, a profitable transaction.

"The universal problem in retailing today is how to utilize space profitably. Fixtures can play an important role in the

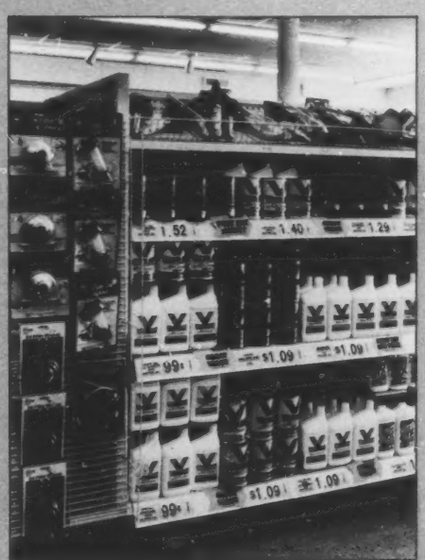
GREEN LIGHT GOES RETAIL: A CASE STUDY FOR STORE RE-DESIGN AND RE-MERCHANDISING

Three years ago, the executives of Green Light Auto, wholesale distributors from Ft. Smith, AR, (part of Mid-America Industries) made a decision. Green Light decided that the 475 jobber stores they sell merchandise to needed repositioning to successfully compete against retail automotive chains and discounters for a bigger piece of the aftermarket pie.

They decided the jobber stores had to be brighter and cleaner. They had to have modern traffic patterns. They had to carry lines of "out front" retail-oriented products like air and oil filters, oil, and accessories in addition to their standard lines of hard parts. Those "out front"products had to be well merchandised and competitively priced. And advertised. In short, the Green Light jobber stores needed re-designing and re-merchandising.

To that end, Green Light developed an aggressive turnkey retail program, the heart of which includes store re-design and re-merchandising, for its jobber stores in the Midwest and Southeast. To date, 147 stores, including 40 company-owned stores, have converted to the retail program. All 475 stores now serviced by Green Light will be converted in five years, according to the marketing manager of retail programs, Charles Bockelman. And new stores will have the Kelly green and yellow Green Light retail look, too, Bockelman, who came to Green Light from Western Auto, said.

The results of the program are impressive. "We've found that jobbers who have converted to our retail look have seen an average 23.5% increase in sales," Bockelman said. A 14% to 15% increasn in business is the break-even point for the converted jobbers. Most of the jobbers who convert recoup their initial $40,000 (average) investment in six to nine months,



Green Light Auto uses an endcap merchandiser to create an additional 4½' of display space on each side of an endcap.

he added.

Converting to the retail program is a turnkey operation. When a jobber decides to convert, he contacts his regional Green Light representative. Together, with help from the marketing staff in Ft. Smith, they develop a profile of the jobber's market area, a profile of the customers he has and the customers he wants to reach, and a profile of his competition. In all probability, it will be the first time the jobber has ever looked at his business like this. From there, the jobber and the regional Green Light representative develop a plan to help the jobber implement the retail program.

Bockelman uses a step-by-step formula to convert jobber stores to out front retailers. "We begin by giving a jobber store a complete new retail look inside and out. It's attractive to consumers. The program has exterior and interior design that includes color and decor, graphics, and signage. A bold use of green and yellow stripe accents is Green Light's trademark," Bockelman said. The redecorating costs an average Green Light store about $3,000.

"The new look alone is a big plus for increased sales," Bockelman added.

After getting the customer into the store, the next step is to get him through the entire store. This is done with store layout. Green Light Auto creates traffic flow by placing the "milk and bread" staple items, like oil and air filters, in the rear left hand corner of the store.

"Studies show that consumers naturally turn to the right when entering a store. By placing the staples in the far left hand corner, we force the customer to walk through the entire store. While walking through the entire store, we hope he will come across products he needs but had no prior plans of purchasing," Bockelman said.

Green Light's retail program offers jobbers 3,000 SKUs across 118 lines of retail-oriented "out front" products in addition to the hard parts they already carry. The average Green Light store has 1,500 sq. ft. of store space that can accommodate about $23,000 worth of product in front of the parts counter. Green Light provides jobbers with planograms for the products. There is usually $17,000 worth of inventory in the back room.

Green Light encourages its jobbers to use cross merchandising techniques to create impulse sales. Some examples include displaying wiper blades next to windshield washer solution, chamois next to wax, funnels next to oil. "The beauty of impulse sales is that these products typically generate a very high profit margin. The profit margin on a funnel can easily

overall design and organization of a store for profit," Paul Swanson, president of Clairson Commercial Display, Ocala, FL, said.

Ask yourself the following questions about your fixtures:

- Do your customers see fixtures rather than merchandise?
- Do your fixtures organize space and merchandise?
- Do your fixtures present excitement through variety?

If well planned, fixtures should provide a layered effect. This effect unfolds the merchandise to your customers as they walk through your store. It is accomplished through variety: Variety of gondola or fixture height, variety of fixture type, and variety of techniques. This prevents a store from looking boring and identifies merchandise categories for easier shopping.

Some of the most popular fixtures today are really fixture accessories, according to Swanson. These includes special racks that add display space onto endcaps and rolling basket dump-type displays that create instant focus points in the aisles.

This prototype store shows how clear signage makes product easy to find and to buy.

Merchandising

Nothing, absolutely nothing, beats well merchandised products for creating shopping excitement and bringing in those customer dollars.

Remember that POPAI studies indicate that the average consumer will spend 15-20% more in a store that he perceives as well-merchandised. A well merchandised store is a store with a focused presentation. That means that every element of merchandise presentation from easy to read merchandise price tags, to merchandise location, to merchandise display is geared to making buying the products easy. You can find good examples of merchandise presentation in specialty clothing stores. Here the size tags are on the sleeves, the tags are big enough to be seen from several feet away, and all the tagged sleeves face the customers. No digging through racks of garments seeking tiny sewn-in labels. Coordinating tops and bottoms are hung together on four-arm racks. No wondering around the store looking for related merchandise. Would a customer looking for an product in your store find the merchandise presentation

Green Light Auto creates traffic flow by placing "milk and bread" products like motor oil and air filters in the left rear corner of the store.

be 50%," Bockelman said. The technique of cross merchandising is not new, but most jobbers need to be reminded of how effective it is from time to time, Bockelman said.

The amount of product merchandised on a gondola is another important factor for increased sales. To prevent shoplifting, most Green Light gondolas have a 4' height limit so employees at the parts counter and cash register can clearly view customers.

But, "You obviously need to merchandise as much product as possible on a gondola without making it look cluttered and unattractive," Bockelman said. So, in addition to traditional gondolas and in addition to hanging products with standard pegboard display hooks, Green Light uses cross-bars and hooks and endcap extensions to creat more display space. Green Light uses a universal bracket on its gondolas to attach the cross-bars. They create as much as 28% more display space per gondola. New fixtures cost the average Green Light store about $7,500.

"Converting a store to the retail format is a very detailed operation," Bockelman said. "Merchandise is tagged as to product, stock number, stocking quantity, etc. We can supply professional stocking crews to the jobbers for the conversion. Stores that attempt the conversion on their own often wish later they hadn't," he said.

Green Light's retail-oriented products are priced at three different levels to produce between 32.5% and 38% gross profit for the jobber. "It's hard for a jobber to ignore that kind of profit margin," Bockelman said.

Which price level the jobbers use on specific products depends on how the competition is pricing similar products. "If our guy has a major discounter right down the street, we'll suggest he price at the 'A' level. At that level he is within 5 to 7% of the discounter's retail price on a product like a Fram filter. We'll try to keep him on the same price level as an Auto Shack or a Pep Boys with the same product," Bockelman said. If competition isn't that stiff, the jobber can use the "B" or "C" price scale and make a slightly higher gross profit.

The final phase of the Green Light turnkey conversion is advertising support. Typically, jobbers do not advertise or do not advertise to the greatest effect, Bockelman said. To help the jobber do a good job promoting his new retail look, an eight-page four-color newspaper insert is provided to the jobber from Green Light's in-house advertising department in Ft. Smith. As part of the conversion, the jobber and the regional Green Light representative choose between a nine times or 12 times a year advertising program.

By borrowing store designs, merchandising techniques, and product philosophy ideas used by other retailers, the Green Light jobbers have been able to increase their bottom line profits. The Green Light jobber conversion program is a success.

STORE DESIGN: GONDOLAS & ENDCAPS

We asked our Retail Panel: "When you last changed to look of your store, did you do any of the following to your gondolas and/or endcaps?"

Install new gondolas?	66%
Raise the height of your gondolas?	17
Lower the height of your gondolas?	16
Move or re-arrange your gondolas?	58
Install new endcap fixtures?	47
Move or re-arrange endcap fixtures	28

Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

STORE DESIGN: MERCHANDISING & DISPLAY

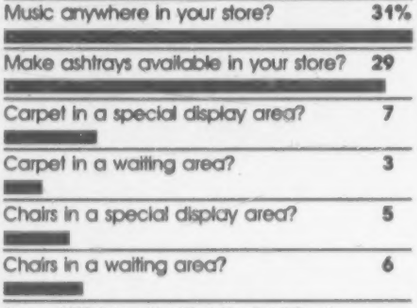
We asked our Retail Panel: "When you last changed to look of your store, did you do any of the following to your wall displays, light, and/or indoor signs?"

Install new (or update) wall displays for merchandise?	59%
Install new (or update) your lighting fixtures?	27
Install new (or revise) your in-store signs?	28
Change or establish your in-store color scheme?	92

Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

STORE DESIGN: CUSTOMER AMENITIES

We asked our Retail Panel: "When you last changed to look of your store, did you add any of the following customer amenities?


Music anywhere in your store? 31%
Make ashtrays available in your store? 29
Carpet in a special display area? 7
Carpet in a waiting area? 3
Chairs in a special display area? 5
Chairs in a waiting area? 6

Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

this buyer-friendly?

And the same POPAI studies also indicate that 52.6% of all items are bought totally on impulse. Those impulse sales may be unplanned by your customers, but you must merchandise your store is such a way that you can grab those discretionary dollars.

Cross merchandising—putting related high profit margin items with other products (like funnels with oil, chamois with waxes, and flush kits with antifreeze/coolant) is a proven way to generate impulse sales in aftermarket retailing. But there are other merchandise techniques that can help boost those sales in your store to consider also. For instance:

- Have you taken advantage of manufacturers' package designs by letting the packages do a selling job for you? Manufacturers spend bundles to make their packages "silent salesmen," take advantage of that and show the packaging off to good effect.
- Have you presented the merchandise horizontally or vertically? Vertically color blocked merchandise takes less time for a customer to scan than a horizontal ribbon of color arrangement.
- Have you placed high ticket "want items" within the customers' direct line of sight, or do they have to bend down to see small items?
- Have you given the merchandise weight with bulk displays? Let your customers know your store is "the" place to buy oil, antifreeze, or other commodity items buy showing them how much you carry.

Today there are some technological breakthroughs that make merchandising more exciting and entertaining. Some of these include:

- Giant three dimensional graphics for your windows.
- Sound systems for mood music and promotional messages.
- Holography imagery where spokespersons are "beamed down" right in your aisles to talk to your customers.
- Computer displays and key boards to answer your customers' questions, to display product information, and to demonstrate product.

Remember, no matter where you merchandise the products you offer—on the floor, ceiling, walls, or endcaps, successful merchandising uses a clarity of presentation to promote, inform, and educate your customers about the products you carry and to induce them to buy those products.

How Often, How Much

Our experts say that good store design is a matter of constantly re-evaluating how your store looks compared to other stores. You should have a rotating schedule of basic maintenance jobs such as cleaning, sign maintenance, and endcap updating on a daily and weekly basis. Inside and outside painting and other major jobs can be scheduled on a yearly basis.

A complete design update should be planned for every five years unless special circumstances (such as new competition coming into your market area) make it necessary to do it sooner. Or, as Masover put it, "You need to re-design whenever the cash register stops ringing."

How much will this cost you? That depends. A simple "up-date the fixtures and add a fresh coat of paint" job will cost you about $10 per square foot. A more extensive re-design will cost you somewhere between $20 and $100 a square foot. But, as our experts have told us, it's the best money you'll ever spend. ■

FIRST THINGS FIRST

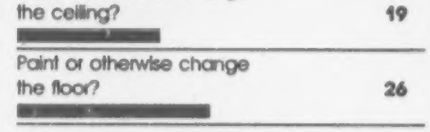
Realizing that not every retailer wants to, or can, tackle a whole store re-design at once, *Automotive Marketing* asked the experts what's the one thing an aftermarket retailer should do right off the bat to improve his profit picture. Their answers may surprise you.

- "If the interior is older, put on a fresh coat of paint. If it's not too old, take a close look at the lighting," Peter Carpenter of Miller/Zell Design Center, Atlanta, GA, said.
- "Examine what your competition is doing. You may not need a major re-design, just some updating. Use the Yellow Pages and get all the free information you can from store display firms," Paul Swanson of Clairson Commercial Display, Ocala, FL, said.
- "Buy some light bulbs and a can of paint. Most stores are under-lighted and dingy. Just making the place brighter will help," Les Masover of Retail Store Planning Center, Lincolnwood, IL, said.
- "Clean it up. Good maintenance shows that you care. This carries through everything you do," Murry Gelberg of Gelberg & Co., New York, NY, said.

The experts also agreed that unless you have the budget to do everything all at once, it is fine to do a little bit of your store at a time. Just have a master plan on paper first, so the end results all point in the same direction.

STORE DESIGN: INSIDE MAINTENANCE

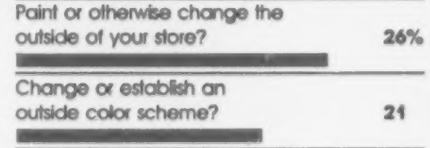
We asked our Retail Panel: "When you last changed to look of your store did you do any of the following inside maintenance jobs?"



Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

STORE DESIGN: OUTSIDE MAINTENANCE

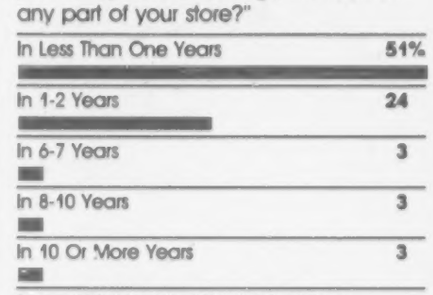
We asked our Retail Panel: "When you last changed to look of your store, did you do any of the following outside maintenance jobs?"


Paint or otherwise change the outside of your store? 26%
Change or establish an outside color scheme? 21
Make any improvements to your parking lot? 16

Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

STORE DESIGN: HOW SOON?

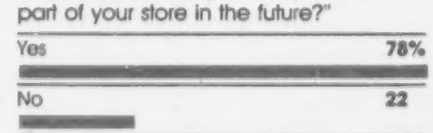
We asked the Retail Panel members who did plan to update or change to look of their store: "How soon do you plan to update or change the look of any part of your store?"



Source: 1987 *Automotive Marketing* Retail Panel
Numbers may not equal 100% due to rounding and multiple answers.

STORE DESIGN: HOW WILL YOUR STORE LOOK?

We asked our Retail Panel: "Do you plan to update or change the look of any part of your store in the future?"



Source: 1987 *Automotive Marketing* Retail Panel